

HOUSE BILL REPORT

ESHB 1403

As Passed House:
March 8, 2013

Title: An act relating to promoting economic development by providing information to businesses.

Brief Description: Promoting economic development by providing information to businesses.

Sponsors: House Committee on Technology & Economic Development (originally sponsored by Representatives Smith, Morris, Short, Ryu, Magendanz, Blake, Walsh, Hansen, Dahlquist and Maxwell).

Brief History:

Committee Activity:

Technology & Economic Development: 2/5/13, 2/19/13 [DPS].

Floor Activity:

Passed House: 3/8/13, 97-0.

Brief Summary of Engrossed Substitute Bill

- Modifies the list of agencies that must fully participate in the Business Licensing Service.
- Specifies the information that the agencies must provide in order to fully participate.
- Requires annual compliance reporting.
- Specifies that agreement is needed between the Department of Revenue and the agency with authority to issue a license to incorporate a license into the master licensing system.

HOUSE COMMITTEE ON TECHNOLOGY & ECONOMIC DEVELOPMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 16 members: Representatives Morris, Chair; Habib, Vice Chair; Smith, Ranking Minority Member; Crouse, Assistant Ranking Minority Member; Freeman, Hudgins, Kochmar, Magendanz, Maxwell, Morrell, Stonier, Tarleton, Vick, Walsh, Wylie and Zeiger.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Staff: Jennifer Thornton (786-7147).

Background:

Business Licensing Service.

The Business Licensing Service (BLS) is the state's primary business licensing portal. Created in the 1970s as the Master License Service at the Department of Licensing, it was renamed in 2011 when legislation was enacted that transferred it to the Department of Revenue. The BLS has a statutory goal to provide a convenient, accessible, and timely one-stop system for the business community to acquire and maintain the necessary licenses to conduct business. The BLS registers businesses, renews licenses, and provides related services for approximately 40,000 businesses monthly, and has more than 115 state licenses available through its website.

Performance Audit on Regulatory Reform.

The State Auditor's Office (SAO) conducts state government audits, local government audits, and performance audits. On September 6, 2012, the SAO released the performance audit Regulatory Reform: Communicating Regulatory Information and Streamlining Business Rules. Within the audit, the SAO reported that 23 of 26 state regulatory agencies issue business licenses, and that state law requires full participation by 13 state agencies. The performance audit found that:

- only the Department of Revenue provides all of its licenses through the BLS website;
- only 16 percent of all the state's business licenses are available through the BLS website; and
- only two of the 10 most-requested licenses are available through the BLS website.

The audit recommended that: (1) the Legislature revise the statute to accurately reflect the specific agencies that issue business licenses; and (2) the Legislature clarify that "full participation" by agencies requires them to provide information and applications for all of their business licenses on the BLS website.

Summary of Engrossed Substitute Bill:

Two agencies are removed, and 13 agencies are added to the existing list of agencies that must fully participate in the Business Licensing Service. To fully participate, each agency must provide the Department of Revenue (Department) with the following information: a designated agency contact; every business license issued by the agency with the applicable license requirements; and links to the licensing information, application, and instructions on the agency's website.

An agency that issues licenses in accordance with national or federal mandates, requirements, or standards, or educational standards and an examination, may alternatively fully participate by providing a link to its licensing website, summary information about the licensing requirements, and a designated agency contact.

Each agency must annually certify its full participation to the Department. If an agency has not submitted all the required information, it must instead submit a progress report and

explanation to the Department. The Department must compile the information it receives and submit an aggregate report to the Legislature and Governor.

A license will be incorporated into the master licensing system only if the Department and the agency with the legal authority to issue the license both agree to have it incorporated.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) The State Auditor's report issued in the fall highlighted that the regulatory climate is one of Washington's key competitive disadvantages, and validates what small business owners have been saying for years. This is a small but good first step towards making a more user friendly structure.

(Other) When the State Auditor finds that there are 1,377 licenses, permits, and inspections, with no place to go to find them all, it is problematic. The Washington Policy Center annually asks hundreds of small businesses to identify what they think is the biggest need for policy reform. Every year they respond that it is to reduce the burden of regulations, and to centralize how businesses transact with the state agencies. This would be an important mechanism to provide relief, as most of these companies do not have a human resources department. Clearly legislative direction is needed. These regulations should be easy to find and understand. The goal is to make life easier for businesses, not for regulators.

(With concerns) Insurance professionals currently use a system operated by the National Association of Insurance Commissioners. All 50 states use the same system, and it allows for uniformity and simultaneous application for multiple jurisdictions. The Office of the Insurance Commissioner respectfully requests that a link be provided from the Business Licensing Service directing interested folks to its website.

(Opposed) None.

Persons Testifying: (In support) Representative Smith, prime sponsor.

(Other) Erin Shannon, Washington Policy Center.

(With concerns) Drew Bouton, Office of the Insurance Commissioner.

Persons Signed In To Testify But Not Testifying: None.